

Message Text

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PAGE 01 TOKYO 05497 030753Z

ACTION EB-04

INFO OCT-01 EUR-03 ISO-00 SS-04 NSCE-00 CEA-01 FRB-03

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC IMMEDIATE 6717

TREASURY/DEP WASHDC IMMEDIATE

INFO AMEMBASSY PARIS

C O N F I D E N T I A L TOKYO 05497

USOECD ALSO FOR EMBASSY

LIMDIS GREENBACK

E.O. 11652: GDS

TAGS: EFIN, OECD

SUBJECT: JAPANESE AND SWISS RESTRICTIONS ON NON-
RESIDENTS' PURCHASES OF DOMESTIC SECURITIES

REF: PARIS 10355

1. EMBASSY TOKYO WOULD HOPE U.S. MEMBER OF IC COULD FOREGO EVEN CONVENTIONAL EXPRESSION OF REGRET AT RECENT JAPANESE RESTRICTION ON NON-RESIDENT PURCHASE OF JAPANESE SECURITIES. WE RECOGNIZE THAT BROADER CONSIDERATIONS MAY SUGGEST AT LEAST THE LOW-KEY DEMURRER SUGGESTED BY USOECD, BUT FROM OUR VIEWPOINT, SILENCE ON THE PART OF THE U.S. MEMBER WOULD BE PREFERRED COURSE. TOO MANY JAPANESE ARE EVER-TOO-PRONE TO BELIEVE THAT THE U.S. IS ENGAGED IN SOME GRAND CONSPIRACY TO DRIVE UP THE YEN. AS DIFFICULT AS IT MAY BE FOR AMERICANS TO UNDERSTAND THIS REASONING, AND NO MATTER HOW INCORRECTLY, SOME JAPANESE ARE PROBABLY GOING TO INTERPRET NEGATIVE SOUNDS BY THE U.S. ABOUT THEIR RESTRICTIONS ON CAPITAL INFLOWS AS
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PAGE 02 TOKYO 05497 030753Z

EVIDENCE THAT WE REALLY BELIEVE THE YEN SHOULD BE ALLOWED TO APPRECIATE FURTHER. IT MIGHT BE THOUGHT THAT QUESTIONING WHETHER SUCH RESTRICTIONS ARE EFFECTIVE WOULD DIMINISH THIS RISK, BUT THE SORT OF PERSON WHO WOULD LISTEN THAT CAREFULLY PROBABLY WOULD NOT SUSPECT A CONSPIRACY IN THE FIRST PLACE. EMBASSY REALIZES WE MAY SOUND A LITTLE HYPER-SENSITIVE, BUT WE THINK WE ARE

REFLECTING THE SENSITIVE STATE OF AFFAIRS HERE IN TOKYO.
MANSFIELD

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NNN

Message Attributes

Automatic Decaptioning: Z
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Current Classification: UNCLASSIFIED
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Copy: SINGLE
Draft Date: 03 apr 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
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